POLICE & FIRE PENSION ADVISORY COMMITTEE
AUGUST 22, 2002

Members present: Jim George, Joe Yindrick, Mark Meyerson, Mark Westphalen, Michael Donnelly

Members absent: Aaron Drake

Personnel Dept.
Resource Staff: Georgia Glass, John Cripe, Paul Lutomski

Others present: Ed Sheridan, Finance Director Don Herz, Administrative Assistant to Mayor Mark Bowen, Police Officer Teresa Hruza, Firefighter Todd Dondlinger

JIM GEORGE: Okay, I'll call the meeting to order. This is an extended August Advisory Committee meeting. The main purpose to review the actuarial costs on the proposed pension enhancements. I guess we'll turn it over to Paul and John, then. They had to leave at the end of the last meeting, and they're the two that can explain the numbers the best to us.

PAUL LUTOMSKI: We sent a new benefit structure to our actuary for a cost estimate. They gave us this back. It's dated July 18th, 2002. On page 1, basically what they're saying is that they are using the demographics as they existed on August 31st of 2001. So anybody that's in the DROP Plan, new hires, quits or retires after that, they didn't change any of those thinGreg Sorensen to incorporate the demographic changes. So they're looking at it as a picture on August 31 of 2001, which over the long term should be fairly close anyway. Page 2, says that since August 31 of 2001 we have adopted the DROP Plan, they go over the DROP Plan. Page 3, they change their evaluation to include the DROP Plan. There's a column that reads "Evaluation Results As Of 8/31/01" and the next one over says "Base". This means is the normal cost of benefits for their estimate is going from 18.49% of valuation payroll up to 19.38%, an increase of .89%. So the base is what they're using as the base for comparison to the new pension Plan. Because they want to incorporate the DROP and then look at how the costs of the new pension benefits compare to the current Plan as it existed with the DROP.

Any questions so far? Let's look at these numbers then. The base normal cost is 19.38%. That means for every dollar an employee earns nineteen cents has to be put in by somebody to fund their pension benefits. Right now member contributions are 6.79%. The remainder is picked up by the emPaul Lutomskioyer, the City, at 12.59%. 6.79% is because we have Plans A, B, and C, and actually 3 peoPaul Lutomskie in the very old Plan.

GEORGIA GLASS: That's an average.

PAUL LUTOMSKI: Yes. Plan A is 8% and the others stop after 21 years, so that's the average career contribution. We've got liabilities, it says "active accrued liabilities," so for active employees they have accrued benefits with a present value of $86 million. Retiree liability is $40 million. We have fund assets of $128 million, so that means our UAAL, which stands for Unfunded Actuarial Accrued Liability, is a negative $1.8 million. In other words, we are ahead of the game by $1.8 million. And then there are numbers down here that don't really mean a lot. If you use the $1.8 million to decrease emPaul Lutomskioyer costs you don't have to put in full normal cost. When we do another actuarial study at the end of this month, we'll have 47 peoPaul Lutomskie in the DROP, so when you look at the increase here, the three and a half million dollars increase, that's because of the DROP Plan. That may or may not actually be what they show as the increase in August 31st study because they're estimating a certain number of peoPaul Lutomskie entering the DROP which may be more or less than the actual number on that date. When we look at an increase in normal cost, that means the City has to contribute more as a percent of payroll, but our payroll has now gone down by two and a half million dollars, because we have 47 peoPaul Lutomskie in the DROP Plan.

JOHN CRIPE: In addition, the member contributions will go up, because we have a number of peoPaul Lutomskie who switched from B and C to A and now will make contributions. B and C peoPaul Lutomskie who were counted as zeros, because they had stopped making contributions entered the DROP so the percent of member contribution on average will go up. And so the normal cost will fluctuate some in next year's evaluation.

PAUL LUTOMSKI: This is a base that may or may not be reality come the end of this month. However, we can feel comfortable in building on this base. The whole thing might shift down or up as the base changes, but the difference should still be relatively the same. Page 4 then talks about what the new benefits structure is. Basically it's 3% of regular pay for years of service up to 25 years, so that gets you to 75% Paul Lutomskius 2% of regular pay for another 5 years to get to a maximum of 85%. Regular pay is going to be based on your 3 years of pay preceding your retirement, death or disability. The employee contributions is ... they just stuck a number in here, based on what we told them . . .10%. We can argue about what that is, later, if necessary.

JIM GEORGE: Just to touch on that particular point. As you say we can argue that point later, but I guess I don't know where we're going with the Plan from here, if it's to take, to try to come to some consensus in agreement on the numbers and then take that to the Council or what. But I guess I have a little bit of a problem with ... since we costed this out at 10%, if we as members think the 10% is too high, then we come to a consensus of whatever it is, then do we have to send it back in?

JOHN CRIPE: No. Normal cost it fluctuates over - you saw before the 19.38% normal cost. You're going to see it go up to 30% or something, and so if we decide that your share ought to be 8 or 6 or 5, then we'd know what the contribution rate would be by the emPaul Lutomskioyer. You would not have to send it back in.

JOHN CRIPE: 10's an easy number for them, it's an easy number for us. If that doesn't work as we go along, if it's 9, or whatever it is, we can adjust our normal cost, and then we know percent of payroll our contribution would be and you could adjust all the numbers, so.

PAUL LUTOMSKI: Look at page 5, then. It flows right into this conversation. Okay, the base with the DROP Plan has normal costs of 19.38%. That's going up to 27.59% if this new benefit structure is adopted. Somebody has to pay the 27.59%. If the employees pay 10, that leaves 17 for the City. If the employees pay 7.59, then the City pays 20%.

PAUL LUTOMSKI: This is proposal 1, there's 3 proposals. What this one costs out, is what if we just had this new pension benefit structure for peoPaul Lutomskie that were hired after August 31st of 2002.

PAUL LUTOMSKI: Normal cost goes from 19% to 27%. The long term normal cost of the benefits really is 27.59% because eventually the whole City population of police and fire will be on this Plan. What the actuary did that looks weird is give us a credit of 24.9 million dollars. So they're taking this incredibly long term perspective, and saying, "Well, we know that over the long term it's going to cost 27%. However, we know that we have a group of peoPaul Lutomskie who are emPaul Lutomskioyed right now that aren't going to get the higher benefits. So they're giving us a credit of 24.9 million dollars. After that all the numbers below that are irrelevant as far as I'm concerned. The only thing that you can really get off of this page is that if we were to give this new benefit structure just to new hires, it would cost 27 cents on the dollar to provide them this pension benefit.

JOHN CRIPE: If we hired a new employee next week and we had put in Paul Lutomskiace this new structure, we would still have five hundred and forty employees on Plans A, B, and C that would not change, so the funding under Proposal 1, that column would exist for that new single employee only.

PAUL LUTOMSKI: If you think of it logically, you know we've got everybody right now who's in a pension Plan that costs x amount of dollars. If we add a more expensive pension Plan for new employees, we're not going to get any money back for the peoPaul Lutomskie that are currently emPaul Lutomskioyed. We've got to keep funding that pension and then pay more for the new employees, so this credit really means nothing.

MICHAEL DONNELLY: Let's move on, because it's this proposal is almost meaningless.

PAUL LUTOMSKI: Okay. Proposal 2, then, says, "Let's give these new pension benefits to all new hires and all currently active employees, but not any retirees." So the long term numbers that we've talked about, normal cost, same thing at 27%. The active accrued liability increases by 39 million dollars, and what that means is that for all the service that our five hundred and some members have provided up to August 31st of 2001, it's going to cost 39 million dollars to give them these higher pension benefits. To get them caught up for all the service they've already provided, it would cost 39 million dollars. Then to keep that same level of pension benefit going, it would cost an additional 8.2% of payroll, year after year after year. Okay, is that clear? And then what they're doing with the 39 million is they're saying, "Well, you don't have 39 million dollars, so you can pay it off like you'd pay off a house." A little bit at a time. So that's why they have a 5, 10, and a 25 year amortization. They're saying, "If you want to pay off the 39 million dollars and include that 8.2% in it, that gets you up to 35% increase to valuation payroll contributions."

JOHN CRIPE: Payroll was $28,215,685 for this report. So 8.21% times that number is the increase in every year's cost and then the amortization is 12.54% of the $39 million. So you could look at any one of these numbers and compute them against the total base, and say, "How much more would the City need to contribute in each of these increments?" Or how much less or more would the employee have to contribute.

GEORGIA GLASS: Okay. So if we want to pay off the mortgage in five years, Paul Lutomskius keep going, the normal cost is now 46%.

PAUL LUTOMSKI: Correct.

GEORGIA GLASS: Okay. If we want to pay it off in 25 years, normal cost drops down to 24.77%.

PAUL LUTOMSKI: Correct. And we are right now putting in somewhere around 5% as the City contribution. If we adopted this new benefit structure, I think that's about a 73% funding level. We would go from 104% that we are now down to 73% immediately and then we'd begin paying off the 39 million to gradually, get back up to 100%. The third proposal includes everybody. That would be current and future system members including retirees, and what "including retirees" means is that they are going to get a 3% COLA rather than the 13th Check. They're not going to get the 85% pension.

JOHN CRIPE: The greater of the two.

PAUL LUTOMSKI: Oh, that's right. The greater of the 13th Check or a 3% COLA. Okay, so the top numbers are all the same again at 27% because that's the incredibly long term expectation. The $39 million again for the increase in active accrued liability. The retiree liability increases by 9.7 million dollars. That's the cost to give our retirees the greater of the 13th check or a 3% COLA. We have 9.4 million dollars in the 13th Check pool. That we told them to use that to offset the $9.7 million.

JOHN CRIPE: Because of the greater over the two, for the longest period of time we'll be paying the 13th Check, and toward the end we'll be paying the COLA. So it's almost a wash because of how it works.

PAUL LUTOMSKI: The $9.4 million acts just like the 39 million. As soon as we say "yes" to giving a 3% COLA to retirees, that costs us $9.4 million dollars that day. That money's gone and then the normal cost that we're looking at here is an increase that continues for perpetuity. So the $9.4 million that we had in the COLA pool is gone because and the ongoing cost is like $1.3 million dollars to maintain the COLA then.

JOHN CRIPE: And if you were going to pursue one of the proposals, there was no reason that you would not pursue proposal 3 over 2. I mean because the costing is relatively insignificant based on the numbers.

PAUL LUTOMSKI: Well, it's still $300,000 difference that the City is going to have to come up with that we don't have.

JOHN CRIPE: Right.

PAUL LUTOMSKI: Any questions?

MARK MEYERSON: Paul, this doesn't give us any piecemeal figures, like what it would just cost if we wanted the 3% COLA for all members instead of a 13th Check, does it?

PAUL LUTOMSKI: I did ask, and without spending another $7500, I got them to give me a rough estimate. They said a COLA for current retirees and everybody, currents, actives, futures, would be $20 million dollars up front and 5% increase to normal cost.

GREG SORENSEN: Well, we've got 9.4.

PAUL LUTOMSKI: True. 11 million that we then have to pay off, like we're buying a house with it. But then it also has a 5% ongoing normal cost increase associated with it.

GREG SORENSEN: So we've got a 5% over in this column.

PAUL LUTOMSKI: Which is 1.3 million. To clarify, if we go with a 3% COLA, we have 9 million, it costs 20, we're going to have to pay off the 11 million somehow, and then in addition to that another, well actually I have to spend the 7500 to get better figures, but roughly it's 20 million dollars and then a 5% ongoing cost or 1.3 million additional City contributions over what they're putting in now just to fund the COLA.

JOHN CRIPE: And once again that is the merger of the two systems. That is the better of 13th Check or 3%.

ED SHERIDAN: 13th check until the 3% catches up.

MARK MEYERSON: Just that alone would drop our underfunding another 10% roughly.

PAUL LUTOMSKI: That's a good guess.

JOHN CRIPE: We're still positive.

PAUL LUTOMSKI: We're 104% as of last year. You saw 5.5 million dollars of overfunding on the very first couPaul Lutomskie of pages. Well, since we're assuming 7.5% earninGreg Sorensen and we're earning 2%, effective August 31 our five and a half million of advanced funding will be gone at the next report. We have 9 million, but we don't have 11 million and we don't have the 1.3 million every year thereafter..

MARK MEYERSON: Cutting through everything realistically the City can't afford any of these right?

PAUL LUTOMSKI: Well, that's why Finance Director Don Herz and Mr. Bowen are here. I mean, they can, but they'd have to fire the Parks & Rec Department, or something.

MARK BOWEN: That's where you get the money. Well, Don's the finance guy, but after going through a budget cycle, we look for every dime. It's pretty hard.

ED SHERIDAN: How many million dollars are we talking then, if the City contributed normal cost on this 3rd proposal here?

PAUL LUTOMSKI: Let's say we amortized it over 25 years. The increase would be 12%, so on the 26 million dollar base of valuation payroll that might be 2.7 million additional, and we're putting in 1.6 right now. So we're talking about putting in 4.3, instead of 1.6.

MARK MEYERSON: About triple.

PAUL LUTOMSKI: Yes.

JOHN CRIPE: Now we talked a long time ago about the problems with trying to do something on record incrementally. So let's say we wrote an ordinance and said we were going to institute a half percent COLA, or a 1% COLA, and still do the merger between the 1% and 13th check to get thinGreg Sorensen rolling. We wouldn't be in as bad a shape, but we couldn't write a 1 and say, "Next year, we're going to raise it to one and a half, and next year," because that's what they did here. And what they do is they charge you the full amount instantly. You get credited, because by the time most of these peoPaul Lutomskie would retire, they'd be at 3%, so it would cost you the 20 million on paper, you're not paying it out, but it costs you right away. So, if you were to exPaul Lutomskiore incrementally increasing or putting a COLA in Paul Lutomskiace, you'd have to say, "We're willing to take a chance," and fund a smaller COLA with money available and review it every several years and try again. You couldn't write it into the ordinance, because as soon as you did that, that's a guarantee, and you're done already. The actuary will assume that it will happen during the career and eat up the money, and so your alternatives are smaller, and your thinking has to be smaller with regard to pursuit, but it probably is possible to come to some smaller number, and then look at it, and then continue an ongoing review of the COLA princiPaul Lutomskie. But that would be a merger between the 13th check and a COLA. We would still not want to do away with the 13th check.

ED SHERIDAN: I have a question, just so I can understand the numbers a little bit better. When the actuary's costs this out at 3% for 25 years and then 2% for up to 85, do they have to assume that every employee will be here up until the 85%?

PAUL LUTOMSKI: No. They have a scale of x percent of peoPaul Lutomskie will leave at this age and this years of service. The next percent will leave a little bit later, some will die, some will disable, some will non-duty disable, etc.

ED SHERIDAN: So it's just an average. It's not costed at everyone there.

JOHN CRIPE: The actuary report lists the assumptions they use.

ES How often do you look at the assumption?

JOHN CRIPE: We adjusted the assumption 2 years ago. We had Gabriel Roeder do a full history study of the Lincoln Police and Fire pension to determine how we were stacking up to their assumption. I think this group along with the actuaries' recommendation moved the earninGreg Sorensen assumption from 7 to seven and a half. We had been at 7 for 2 or 3 years prior to that, and we were at six for a very long period of time.

MARK MEYERSON: The wage assumption didn't change at that time, just the ....

JOHN CRIPE: No, the only thing that changed was the assumption on earninGreg Sorensen. And it was because of history. You know, we'd earned in excess of assumption for 25 or 30 years, so .....

PAUL LUTOMSKI: I did call the actuary and ask them about the wage assumption, we have a 5% wage inflation assumption, and a seven and a half annual asset rate assumption. Two thinGreg Sorensen are important about them. One is the absolute numbers, the five and the seven and a half, and the second is the two and a half percent spread between them. Ken Alberts said a report from Wilshire Associates showed that the average for a state-wide system is 8%, the average spread is 3% and the median spread is three and a half. So he said we are real conservative in our spread. He wouldn't recommend changing our asset assumption from seven and a half down to seven because then our spread would only be 2 points. If we wanted to change that, we should change the wage assumption, in addition to it, but he said we really shouldn't get a smaller spread than what we already have, and he also said he thinks our seven and a half is appropriate.

JOHN CRIPE: And for perspective, Ken Alberts, has either been our actuary or the supervisor of our report for nearly 25 years, so it isn't somebody who isn't familiar with the Lincoln Police and Fire Plan.

JIM GEORGE: I'm hearing some questions about COLA costs and money, where's the money coming from? The City is not in a prosperous position right now and I feel I'm here representing firefighters membership. I'm sure Mark and Joe feel they're representing the Police Officers, and I don't feel that especially given the history of the City and their past contributions to the pension fund. I mean they have continued to underfund the Plan for in excess of 20 years. And now when we've finally got to a point where, the pension administration says, "Let's quit arguing. You tell us what you want. We'll cost it out and we'll go from there." And so we come to this point and now it's like, well, this is what we want to ask for, but we're starting to feel that it's not going to go anywhere because the City is in bad financial positions. On the other hand, if they would have funded the pension Plan appropriately for the past 20 years, paid normal costs, we would have the kind of funds to make a lot of these costs that we're asking for. I mean that's how many of the ... police and fire Plans that I know of have gained these kind of benefits. Other cities fund their Plan properly and, for whatever reason, we don't seem to do that here in Lincoln, and it puts us in a bad situation.

ED SHERIDAN: I have to second what Jim has to say. It would - whoever knows, but if the City had fully funded their normal costs for the last two decades, we could probably do this and still have money left over.

JIM GEORGE: Yes, the taxpayers have reaped a huge benefit by not having to fund this pension Plan.

PAUL LUTOMSKI: Okay, what's your point?

JIM GEORGE: We'd like the pension. We like this Plan. We want to move forward with it. I haven't heard Don or I haven't heard Mark say that it isn't going to go anywhere because we don't have money, but that's the feeling that I'm getting. I guess maybe the next step is to hear what they have to say.

DON HERZ: I think one of the thinGreg Sorensen that we're really struGeorgia Glassling with, is trying to get that normal cost funded. You know we have added to the amount that we contribute in the last few couPaul Lutomskie of years, but it's getting that to 100% of normal costs is a real challenge.

JIM GEORGE: Well, what's your view ? If we come to you with this proposal, and we agree on the numbers, whether we pay 10 and you pay whatever the percent was would you endorse that? Would you take it to the Council?

MARK BOWEN: Well, that's kind of the core question. We can't legitimately say, "Let's do it," unless we can say where the money is coming from. It's nice to say you want it, but we've still got to figure out where is the money coming from. And that's 18% more in the interpretation you looked at. That's the hard part. Where do you get 18% of additional money.

JIM GEORGE: And, of course, there again representing our membership, we have to ask if the Plan was funded properly we wouldn't be in this position, so is it our fault that we can't fund it? Are we asking something that's inappropriate, to ask for those kind of fundinGreg Sorensen to fund our proposal?

MARK BOWEN: Inappropriate? No, but if I can't identify where the money's going to come from, how can anybody give you an answer? And that's our part. Do you want us to go back to the taxpayers twenty years ago and tell them they should have paid more then? We can't do that.

JIM GEORGE: It wasn't their fault, it was ... city administration. I mean they're the ones that made those decisions.

MARK BOWEN: Okay. I'm telling you I can't relive the past. All I know is what you guys are looking for is a big ticket dollar item. What you're asking for to start right now, just do it, a million dollars to do it, and to simPaul Lutomskiy ask for it, take it to the Council, they're going to say, "Where do you get the dollars?"

JIM GEORGE: We're not up to the lid yet.

MARK WESTPAHLEN: You know, one of the issues, and I think John had an interesting thought, that instead of going for proposal number 3 and saying "we want all of this," which is what we want, I would assume one way or another everybody wants that, you just start off with saying, "Let's take a very small piece of it." You know, maybe you'd say, and I don't know what the right number is, you say, "We want 3% of regular pay for 25 years, but we don't want the other, you know, we don't want the other add on piece to get you up to 85, we get up to 75," and you take the incremental approach. The philosophy being that the stock market turns around and I think that we all feel comfortable that the stock market is going to turn around in the next couPaul Lutomskie of years, your funding should be there, we ask for a very smaller incremental piece from the City, not a huge incremental piece from the City, we're more inclined to get that, and we consider it a work in process program, where you constantly know you've got to come back year after year, or every other year, to get additional pieces and maybe it takes you 10 years to get this, or 15 years to get this. But you start off with a piece that the City can bite on and with overfunding that can also help you get there likewise along the way. But you don't achieve everything today.

JIM GEORGE: But we can't even get to current normal cost funding.

MARK WESTPAHLEN: And I don't think you even worry about that.

JOHN CRIPE: Well, last winter, I put together an analysis comparing the market to 74% or whatever it was, compared to our 64% in our single one year final compensation compared to the market's 3 year final compensation, and those are pretty close in dollars. Real dollars to the employee, so even if you said, "We want to go forward and make an adjustment in our maximums now," 74 and we compromised and say the final average compensation is two years, both of us are working in a way that we could enhance the pension down the road for folks. It may not have an immediate impact that peoPaul Lutomskie out in the field wanting to leave today, but it would have some impact on peoPaul Lutomskie as you go down the road, and then you couPaul Lutomskie that with looking at an incremental increase, or the thought of an incremental increase, with regard to a 13th check versus a real COLA. Then you really have something you can start working with. Then you probably have something you could go to the Council and say, "You know it costs a little bit of money, but not a lot of money. And this is how we could do it, by amortizing it over a few years."

MARK MEYERSON: We tried that, John. With the COLA. We have the proposal and the ordinance wrote up, I believe.

PAUL LUTOMSKI: We wrote an ordinance, we said one and a half percent to begin with and then one point seven five and then 2%, two and a quarter. When it was written, it was built in so that five years from now anybody that retired would get 3% right off the bat, however there was a three year wait, after you retired.

JOHN CRIPE: Right. That's what I'm talking about. That's built in already, that's like saying, "Okay, we're going to give you a 3% COLA." That cost us the same as going forward and saying, "Okay, we want a 3% COLA or the better of the 13th Check."

MICHAEL DONNELLY: Well, the other problem is, though, even if the market turns around we can't rely on our overfunding, because the City hasn't got it if you use that for enhancements.

JOHN CRIPE: Now the COLA pool, though, is different. It's accounted for differently. It's only purpose is to pay a COLA adjustment.

JIM GEORGE: That passes the COLA.

JOHN CRIPE: Right.

JIM GEORGE: And not the other.

JOHN CRIPE: No, it doesn't, it doesn't affect the other.

MICHAEL DONNELLY: Well, my point was that ... if you opened it up for enrollment like you did the 8.0, you got the extra income coming in.

JOHN CRIPE: That would be a credit toward the 30 million.

PAUL LUTOMSKI: No, wait, it wouldn't. Because this assumes everyone will be in Plan A over the long term. That wouldn't reduce the 39 million. If they paid 12, then it would over time.

JOHN CRIPE: Well, but he's talking about them paying back what contributions they would have made.

PAUL LUTOMSKI: That would be huge.

MICHAEL DONNELLY: No.

JOHN CRIPE: Okay. Maybe I misunderstood then.

MICHAEL DONNELLY: The 8.0, if I remember right, when we went from the 7.6 to 8.0, you had an open enrollment where -

JOHN CRIPE: Right. We let peoPaul Lutomskie switch for zero dollars. Yes, when we let peoPaul Lutomskie switch, we had sufficient overfunding.

MICHAEL DONNELLY: Not when we did the DROP, where you got the 7.6, the 8, or we had to pay back the difference. This is a whole different scenario, I think.

JOHN CRIPE: Well, that was an opportunity where we had overfunding.

MICHAEL DONNELLY: That's what I was thinking was that -.

JOHN CRIPE: The system paid for the money.

ED SHERIDAN: Do we need to request another, you know, cost estimate from the actuaries, if we were to, for example not doing the 2% a year after. I mean if we take that approach. I wonder what this would cost without the COLA and just the 75%.

JOHN CRIPE: Well, the way it's written 75% and 3 year final average compensation isn't a whole lot different than the 64%. I mean, mathematically, it just is not.

PAUL LUTOMSKI: Okay, this costs 40 million bucks and 8%. They told me a rough cost of the 3% COLA was 20 million dollars and 4 - and 5%. So this without the COLA would cost 20 million dollars and another 3.2%. Does that make sense?

JIM GEORGE: Yes. I think it does.

PAUL LUTOMSKI: And on that same line of thinking, because John referred to can we get into this incrementally. You know? He's saying our Plan is relatively the same as the market's Plan, other than the COLA. Because we've got 64% for an 8% contribution off of one year's salary.

JIM GEORGE: We don't want to go there.

PAUL LUTOMSKI: Well, but, what I think John is saying is let's try to get the COLA. Right? Incrementally.

JOHN CRIPE: Yes. What you're talking about is that even if you made and created another Plan and you wanted to give peoPaul Lutomskie a chance to get into it, how would you create a Plan that would be attractive to some peoPaul Lutomskie, and I'm not saying everyone, but would be attractive to some peoPaul Lutomskie, the 8.0 Plan was attractive to some peoPaul Lutomskie, so if you said, "okay, we want a 3 year final compensation, we want a 75% pension, what would the employee's contribution be? You know you could structure that and know what the normal cost is, and we wouldn't necessarily have to have another 60,000 dollar study, because the numbers that we would use are kind of in here.

PAUL LUTOMSKI: So, if you take these numbers. The 3% COLA roughly costs 20 million dollars and a 5% increase to normal cost, and a one and a half percent COLA would cost 10 million dollars and a two and a half percent increase to normal cost. They said you could just chop them in half like that. So, the 10 million, we've got 9.4 million of it already, just sitting there waiting. So that's 600,000 that we're in the hole. But that two and a half percent of normal cost is the problem, and that's another $650,000 every year that you've got to chip in to keep this program going. That's the long-term problem.

JOHN CRIPE: If you went to one percent, the 1% then that equates to about $400,000 or so, I imagine the last increase, and a 1% would be somewhere in the neighborhood of what, Paul, 7 million?

PAUL LUTOMSKI: Well, it would be 5 divided by 3. 1.6. So, it would cost you 7 million bucks, and we have 9.4 million dollars available, and then we'd have a 1.6% ongoing increase to normal cost, which we could offset for a few years with that remaining 2 million bucks.

JOHN CRIPE: Right. We could amortize it over a 10 year period.

PAUL LUTOMSKI: And that's for the better of 13th check or 1% COLA.

ED SHERIDAN: So, we could fund that with our own money and it wouldn't cost the City a thing.

PAUL LUTOMSKI: Well, no, wait. The 9.4 wasn't your own money.

JOHN CRIPE: It's a shared.

PAUL LUTOMSKI: The way that that fund got built, was we took the overfunded amount, 10 million bucks, multiPaul Lutomskiied by the percentage that we exceeded our assumption. So if we got 10% and our assumption is seven and a half, we're taking two and a half percent of the 10 million dollar overfunding. The third portion of that would be to take a ratio of retiree liability to overall liability, so let's say retirees account for a third of our liability, so we would then take a third of two and a half percent times 10 million bucks, throw that in the 13th check pool. So really the City was all this time since 1993 sharing in its benefit with you guys.

JOHN CRIPE: Sharing their overfunding. And that's the only way we could fund it then. You take what opportunities you have that present themselves. That's the only way we could have presented and funded the 13th check, and so that ratio created the pool of money that you now have, and that same funding mechanism could stay in Paul Lutomskiace with regard to the creation and maintenance of the pool.

PAUL LUTOMSKI: But we can't use that money for anything other than cost of living adjustments. We can't take that 9.4 million and help it offset this 75% regular pension, because that's against the law.

MARK WESTPAHLEN: So, is the COLA adjustment more important than a retirement benefit adjustment?

MARK MEYERSON: Our number one priority on the panel has been to get a true COLA. Unless that's changed. That's what we've always felt. If you had to take a piece of this.

MARK WESTPAHLEN: Yes. Because that would be the eventual question. Let's work toward that first and then go from there.

JOHN CRIPE: It answers itself. If you look at somebody who has been retired for 20 years, and they retired on a pension of $400, and they're still getting $400, minus the 900 we give them once a year. The long term would be better in any pension system to have an inflation factor of some kind to catch you up.

PAUL LUTOMSKI: That's why it's so expensive. Half of the cost of this is from the COLA, not from the other stuff.

JIM GEORGE: But the other part of the equation is all the cities we survey, they all have a 3% COLA, all funded and they have better benefits. We're just trying to catch up.

MARK MEYERSON: But the fact seems to me, Jim, we're not going to get this whole thing. We've got to take an incremental approach. Otherwise it's, it's nothing. We're not going to get proposal number 3. I think if we're going to have a strategy that has any chance of success, it's an incremental strategy something like we're suGeorgia Glassesting. If that's the way this committee has decided they want to go, then we've got to decide what exactly we're going to do, with respect to that.

JOHN CRIPE: Well, and I think you have to do what Mark is suGeorgia Glassesting. You have to prove that you have the resources to do whatever you're asking, or you're going to go down in flames. Much like when we did the DROP. It might have taken us two years, but it took us two years to get to the point where we could go to the City Council and say "yes, we can do this, and this is how we can do it, and these are the parameters." Now it took that long to work through it. I wouldn't suspect it would take that long to work through what we are talking about today. But you had to, in good faith, go to them and say, "Yes, we can afford to do this, and here are the resources that will pay for it." Now, it would be nice if they're paying their full share, because that's much easier, but they're not, and if the City continues the increases Don has done in the last few years, we're making progress, and I don't want to dampen that any. But in order to sell it, you have to go forward with a package and say, "Here's the components, here's the dollars, this is what we'd like to have, this is where the dollars are going to come from, and this is how we'll incrementally pay for the next 5 years amortization." Then you might have a shot.

MICHAEL DONNELLY: I'm not a voting member of this board. But whoever would like to make this decision or motion, I think you need to come up with a Plan, a money Plan, whichever one it may be, present it to the Council, the administration and Don Herz and Bowen and you may get shot down, good percentage you may get shot down, but my point is that that experience there is ... a number, however may be, on the Council that has expressed interest to say, "Yes, the Police and Fire Pension, one of their rights." It may put it on their shoulders to find out where the money's coming from. They find enough money other Paul Lutomskiaces for their agendas.

JIM GEORGE: There's money there. It's just a matter of moving it around.

ED SHERIDAN: We can't make a decision today.

MICHAEL DONNELLY: Well, I don't care when you do it.

ED SHERIDAN: Until Fire and Police sit down and decide what our priorities are as a group. But we're not going to get anything done if the City fund their portion.

MICHAEL DONNELLY: But that's not the point. My point is that -

ED SHERIDAN: I mean they are not funding their portion, they never have funded their portion. It's just a city habit. It has been for decades and ....

MARK WESTPAHLEN: And it may be one of those concepts, I mean one of the problems that I deal with in my own personal business of trying to get peoPaul Lutomskie to invest money is that if you don't have an issue that they want to put money towards, you just don't get money to come out of the pocket. You know, if retirement is not an issue, I'm sure you've got employees for the City that never sign up for the 401K because they just don't think it's a significant issue until they wake up one morning and say, "Oh, my god!" You know, "I've got to do something." And I think that's the issue. I think you take it in front of the City Council. If they want to do it, they'll find a way to get it done.

JIM GEORGE: If they don't, they'll shoot you down.

MARK WESTPAHLEN: Yes. And if they, and if they're not motivated to help, the money won't be there. And I think that's what Mark (Meyerson) is saying. He's saying, yes, I think we have to come with some of the money from the table and point them at directions of how to fund it, let's see how interested they are in doing something and if they want to do something, they'll do something. If they want to keep the pools open, they'll keep the pools open. If they don't, they won't.

JOHN CRIPE: The difference is that if you give them a number so large that they can say "no" without even blinking.

MARK WESTPAHLEN: Right.

JOHN CRIPE: That doesn't help you any.

MARK BOWEN: That gets you to the incremental part.

MARK BOWEN: But keep in mind, in the funding part, we're trying to get there.

MARK WESTPAHLEN: Right.

MARK BOWEN: That's what everybody wants, we're trying to get there.

ED SHERIDAN: I know, and a lot of our frustration is that the City never has.

JOHN CRIPE: Well, there were periods where they did.

ED SHERIDAN: If the fund goes bankrupt, it will go bankrupt because the City hasn't funded their normal cost, not because the firefighters and the police officers haven't funded their normal cost. That's what I'm saying. And what I'm saying is the City spends a whole lot more on its civilian pension Plans, including social security than it does on ours, and I know we're talking about defined benefit and defined contribution, and I think we all understand the difference there.

PAUL LUTOMSKI: Well, I agree that we haven't received the funding that we would have liked to have, but I don't also they haven't funded it inappropriately.

JOHN CRIPE: But it is only a problem over the last 15 years. I mean it isn't in there forever. If you look at the actuary's report when we went dipped under 100%, the City made large contributions to get us back to the hundred percent funding.

PAUL LUTOMSKI: I think that was in Boosalis term

JIM GEORGE: That was over 20 years ago.

ED SHERIDAN: But John, the City didn't do that for us. The City did that so they wouldn't lose their bond rating.

JOHN CRIPE: Well, the motivation isn't nearly as important as our -

ED SHERIDAN: Oh, it certainly is.

JOHN CRIPE: As our motivation. We've been sending letters for 7 years saying, -

ED SHERIDAN: Oh, I don't doubt that. I don't doubt that at all.

JOHN CRIPE: "You should make the contribution." Because at some point we'd be here. The point is we are still here.

And that doesn't give us the money. That just gives us a realization that, if we're going to do something, we have to Plan it and Plan it right and move forward with it. Otherwise, we're just kicking a dead horse.

ED SHERIDAN: Yes. We are. And I think police and fire need to sit down and we need to decide our priorities and come back to this group and kick those around.

JIM GEORGE: The problem I see in this little steps at a time, I understand it's a very sound philosophy, but the problem I see with that is I think back over past administrations and the closed doors and the - the Paul Lutomskiain flat "no" to any realistic request that we made and we do have an administration now that I personally appreciate, that will sit down, listens to our concerns, and I truly believe that you're trying to help. I do believe that. And I want to take the opportunity to ... we have a window here, to move forward while this window is here. You folks won't be here for the next decade or however long we think this process will take if we do little steps at a time.

JOHN CRIPE: Jim, are you saying they're temps?

(Laughter)

JIM GEORGE We're all temps. I'm certainly a temp.

JIM GEORGE: I won't be here. And politics, politicians realize that. So I keep looking at taking advantage of the window we have. We also have a great opportunity here, not that it's an opportunity I like to dwell on, but we have an opportunity that police officers and firefighters today more than ever are thought highly of in the community, and I personally feel blessed because of the feelinGreg Sorensen of the community towards our organizations. I think the peoPaul Lutomskie, the citizens of Lincoln would support, if they truly understood the issues. I know it all falls back on the dollars, and I know dollars are very, very tough to put your hands on. But it seems like we need to somehow work together to figure out a way to take advantage of the opportunity.

MARK WESTPAHLEN: I think the other thing you've got going is an equity position in your fund that you haven't had. We've never had an equity position like we've got. And I don't think that'll be easily taken away.

JIM GEORGE: Oh, no.

MARK WESTPAHLEN: I could be wrong. It could happen overnight.

PAUL LUTOMSKI: Mayor Wesely allowed us to do this equity position.

MARK WESTPAHLEN: Right. And I think that is a huge financial boost to the pension Plan. Yes, you might have to fund your own deal for a long time out of the overfunding, but okay, so what.

THERESA HRUZA: I have a question. And I don't know if you can answer it. Since nobody else will say it. How much would it be in a tax increase to fund our pension to give us the pension that would be appropriate, that we deserve, that's comparable to the other cities that we survey against. I mean they can afford to do it. And I'm assuming they must pay taxes in order to cover it. How much would it cost our city to cover our pension?

MARK BOWEN: For a tax increase?

THERESA HRUZA: Yes.

JOHN CRIPE: When we did the study and, whether or not we agree that the total numbers are correct or not, let's just for instance say that they - the 75% pension and an 8.2% employee contribution. It is close to the market and average compensation of 3 years, then we'd be talking about close to our normal costs Paul Lutomskius or minus a percent or two.

THERESA HRUZA: If the City was paying their normal cost, the percentage that they're supposed to pay, and we pay more, because it would benefit me. I'd feel comfortable in retiring knowing I could take care of my family yet.

PAUL LUTOMSKI: If we go to proposal 3, all the way up because right now we're at say 4 or 5% rather than the base that's showing at 12, so the increase really isn't just 12, it's more like -

THERESA HRUZA: More like 19? Or 17?

PAUL LUTOMSKI: Yes, actually, 20. That's a 5.2 million dollar increase.

GEORGIA GLASS: So how much do we have to raise taxes to come up with the 5.2 million dollars?

JOHN CRIPE: That answer we don't have.

PAUL LUTOMSKI: Forever.

JOHN CRIPE: That's forever.

THERESA HRUZA: So what would that cost the taxpayers?

DON HERZ: Our property taxes are about 30 million dollars. Five million dollars .... Among other comPaul Lutomskiications, not only the ability to pay the City, is the law that the Legislature has on this part of the lid.

THERESA HRUZA: Well, I just want an idea of is it going to cost each tax payer a dollar twenty-five or a hundred thousand dollars to give us the pension, or is it two dollars or ten dollars or what? That's what I'm asking.

JOHN CRIPE: This is a lot of money.

DON HERZ: Five million is fifty dollars tax increase on a hundred thousand dollar home.

PAUL LUTOMSKI: That's if the lid would allow it.

MARK MEYERSON: Are we at the lid?

DON HERZ: We are not quite, but we're only a couPaul Lutomskie years away from it now.

JIM GEORGE: We could either put it there, or somebody else will put it there.

ED SHERIDAN: I hesitate to even say it, because I hate the thought of this video gambling coming in, but if that comes in, there's a lot of funds coming to the City coffers.

MARK MEYERSON: Good thought.

JOHN CRIPE: Exactly. It would save me money driving to Council Bluffs, thank you very much.

ED SHERIDAN: Well, I know that It's going to increase the cost of law enforcement for the City.

JIM GEORGE: Have we hashed this over as much as we can at this level? I think maybe police and fire need to meet. Come to some kind of a consensus.

JIM GEORGE: Does anybody know the history of the City retirement Plan? How it got imPaul Lutomskiemented? How this two to one match ever was imPaul Lutomskiemented?

GEORGIA GLASS: I don’t.

JIM GEORGE: I mean it’s such a phenomenal retirement. I mean you go around to other cities and you look at what’s provided by their’s for the employees and it’s

MARK MEYERSON: I have all that on my desk, Jim.

GEORGIA GLASS: He’s talking about the civilian Plan.

JOHN CRIPE: I know it wasn’t increased to two to one until mid to late ‘70's, I believe.

JOHN CRIPE: It was a one to one Plan. The similar thing happened to what we did in the County, although the County was statutory. We had a one to one ratio. Then it was a one to - and one point one, and they said, “oh, you can go to one point one because you can use the point one for administration.” It never happened. It just went as a match, and then incrementally we went to a point and a half.

JIM GEORGE County?

JOHN CRIPE: Yes, County.

JIM GEORGE: And it’s still there right?

JOHN CRIPE: Right. And so that, I think that’s kind of how the City went. I mean they went not in big jumps, but they went from one to one and a half, and then to two. And I think it was sometime in the seventies, I believe.

JIM GEORGE: And somebody decided to fund this thing. I mean obviously there’s some huge funding involved here.

JOHN CRIPE: At the time the City was making those judgements, you didn’t have to get into the civilian pension, until you were forty, or you had five years of service. I mean you’re talking about police officers getting in the day they get hired, and firefighters the day they get hired, versus somebody not getting on, just for what you're talking about, because the pension doesn't mean anything, until 35 or 40, and then thinking they ought to get into the pension.

JIM GEORGE: But still.

THERESA HRUZA: Yes, but don't we have to be here seven years before we get anything, any benefits from our pension?

JOHN CRIPE: No. You have a cliff vesting of 10 years, but duty-related disability that kicks in right away, and then you have non-duty that gets increasing percentages beginning after five years. Civilians have a choice still, with regard to when they get involved and make their contribution which gets matched. So it's not 100% participation, so when this is happening, Jim, they're probably looking into numbers that are extremely small, contributions that are small in terms of count.

JIM GEORGE: But after five or ten years, employees are -

JOHN CRIPE: Their numbers are better, but they're still not 50% participation. Do you know that, do you know the number, Don?

GEORGIA GLASS: I think that's about right. I asked Thoreson that a couPaul Lutomskie of times, and I think it seems to hover around 50%.

JIM GEORGE: Question. So it's 100% in social security.

JOHN CRIPE: Well, absolutely.

GEORGIA GLASS: Well, yes.

JIM GEORGE Which is providing retirement dollars to boot. It's not only two to one, it's Paul Lutomskius social security, and everybody's in social security. Everybody gets those dollars.

JOHN CRIPE: You know there's an integration factor with your pension and social security. I mean there are lots of arguments not to have it, or have it.

JIM GEORGE: Now we're just talking about financing retirement.

GEORGIA GLASS: Yes.

JOHN CRIPE: But making the contributions toward it, certainly. And ....

GEORGIA GLASS: The police and fire pension has been around since the, since the turn of the century, hasn't it?

JOHN CRIPE: Oh, absolutely.

JIM GEORGE: Yes.

GEORGIA GLASS: And the civilian pension Plan has been here since ...?

JOHN CRIPE: Oh, '60's maybe.

JIM GEORGE: Well, does anybody have any more to add?

MARK MEYERSON: I have another issue, or should I hold it to another meeting?

JIM GEORGE: You can talk about it as far as I'm concerned.

GEORGIA GLASS: Well. Well, this meeting was called specifically to talk about this. So.

MICHAEL DONNELLY: So, just to kind of sum up. Where are we headed? On this.

JIM GEORGE: I think Police and Fire need to sit down and discuss it. The representatives need to discuss it with each other, their unions.

MICHAEL DONNELLY: Are you discussing these proposals only? Or are you discussing, as Mark pointed out, some alternatives?

JIM GEORGE: Yes. All of the above.

THERESA HRUZA: So does the City get together and discuss what they can do to work towards this final?

JOHN CRIPE: Well, we kind of gave you an idea of what, where we thought we had resources that you could use, with regard to the COLA.

THERESA HRUZA: 1% COLA.

JOHN CRIPE: And we could prepare some mathematical equations that show you the difference between the 64% and the 8%

contribution and the final average compensation of the 26 pay periods versus 3 and final average compensation of 75%. I mean we can show you comparisons, but until somebody gets a feeling for what they want us to do we're probably done on our end, until we hear from you all. And it probably won't be a discussion for this committee until November. We'll sit tight until representatives of your groups come forward to say, "Try this, or what if we tried this approach?" and then we can try to work out numbers for you.

JIM GEORGE: My guess is we'll come to some conclusion and, and that request will go to the Council. The Council is the one that has to make the decision, right? Would that be your view? I mean whatever we come up with, we should take that to the Council, or should we take that to you?

MARK BOWEN: Well, you need to work with the administration to find out what's feasible, and by "feasible" is realistically where can we find dollars. That's what it comes down to. Where do we get the dollars that you might be looking for. How big, initially, how big long-term, could this add to the City's responsibility. That's what the Council is going to ask. Where are you paying for this? Where are you going to get it?

THERESA HRUZA: And tax is a dirty word.

MARK BOWEN: For the Council it is. We haven't seen them change any kind of tax rate, except to go down. That's the reality of it.

THERESA HRUZA: Well, and the Mayor, too. I'm sure he doesn't want to do that either.

JIM GEORGE: Probably not.

THERESA HRUZA: Election year.

MARK BOWEN: It's different. You know. A mixed bag. He proposed a tax increase two years ago. Got shot down. But that's the reality of it. You've got to figure out where the dollars are going to come from. That's one of the big questions.

THERESA HRUZA: From my position, and I'm not a voting member either, but from my position as a police officer trying to think of my future, I see the City as somehow ..., I don't think it's our responsibility to make sure the City put in their contribution that they're supposed to be, you know, instead they put five instead of 12 for the normal cost. That's not my fault that they didn't put it in there and there's not enough money to give us a good pension that would be comparable with other cities. That's the City's responsibility. Whether it was this administration or the one before or the one before that, that got us into this position, this administration is now here and this is what we have to deal with, and I think there needs to be more effort on maybe the City side to come up with money to make our pension a little more ...

MARK BOWEN: Come up with money.

THERESA HRUZA: I know. I know. And ... we can come up with ideas on how to come up with money, but it doesn't mean that the administration, the Council wants to do that.

MICHAEL DONNELLY: That's the catch-22. We really have three issues here. Normal cost, enhancements, and COLA. And all three of them are very important to this group. And there's no way we can fund right now any one of them.

MARK BOWEN: Normal cost we've tried to address that and have a schedule -

TH The economy, the politics, the whole thing right now, Paul Lutomskiaces us -

MICHAEL DONNELLY: The economy, the investment returns, you know, everything, the assumptions we use on our Plan. Everything Paul Lutomskiays into this.

JOHN CRIPE: It isn't said here, but if you even look back at two or three of the actuary's reports, the way that the City has funded its pension by using excess, or what they call it pre-funding dollars, that is a legitimate actuarial funding of the Plan. Not just our Plan, but Plans throughout the country. This is an extremely common practice. Our concern, 6 or 7 years ago when we started writing the memos was the economy, the earninGreg Sorensen, all this was starting to go downhill, well before any body rang the bell, you have to start incrementally increasing your contributions because we're going to get to August 31st, 2002, and be underfunded.

THERESA HRUZA: Well, and like I said, with what is proposed here, I'd be willing to increase my contributions if I was going to get that, because I know that would be beneficial to me, that would work out good. But I didn't switch from the 7.6 to the 8.0 because that would not work out well for me.

JOHN CRIPE: You'd still have to switch.

THERESA HRUZA: I know that. But that would be worth switching for. The 8.0 wasn't worth switching for. That was my point.

JOHN CRIPE: But it was for 150 peoPaul Lutomskie or so in police. I mean, you know, it is a personalized issue when you get to that point, and it still would be, whether we make any change or create a new one or suGeorgia Glassest a new one. There would be peoPaul Lutomskie who would say, "-

TH I can see the majority of peoPaul Lutomskie would switch over to this. I don't know many peoPaul Lutomskie who would turn down the opportunity to -

JOHN CRIPE: I'd say so. If we had the dollars, I think I'd take it. But the dollars just aren't there for this Plan, unless we do something pretty creative.

THERESA HRUZA: And from my position, and I think from a lot of other officers, and maybe firefighters' positions too, it's not our fault that something wasn't done before to make sure that this didn't happen, and now it's here and now, and it has to be dealt with, and it does not give them a good feeling to hear, "Sorry, no money. Sorry, no money."

JOHN CRIPE: There's a difference between being a police officer on the street and saying, "You know I would like to have a pension," and the City deciding they should or should not have made any payments. The pension you have is similar to the pensions on the market without the COLA. There aren't a lot of differences, mathematically.

THERESA HRUZA: Our pension is right now comparable to the rest? I thought -

JIM GEORGE: In his opinion. In his opinion.

JOHN CRIPE: It's an absolute. Jim and I can argue about it in front of you for 20 hours. But if you take a 64% pension on your salary in the last year, versus a 75% pension over your last three earned years earninGreg Sorensen, mathematically they're very similar. Just take a pen and do it yourself.

THERESA HRUZA: Does that count overtime?

JOHN CRIPE: No, it does not count overtime. Just take your pen and do it yourself. I mean you don't need us to do it. They're very similar.

PAUL LUTOMSKI: Regular pay, longevity, shift differential. That's all.

JOHN CRIPE: Right. And take your last 3 years and divide that for a monthly versus your last year and divide it by a monthly. And you will have gotten, let's see a 5% increase this year, 5% increase that year, 5% increase, so it's 15% better than the year before. That's where your 64% pension would be based on. Versus taking the average of those three and doing a 75% pension. That's why I said I think we could do some of what you have proposed here. Without a lot of cost. And we can give you that in terms of a compromise. If somebody else would say, "Gee, 73% sounds better than 64, I'll take it," it may not be better when you mathematically look at the differences between what happens in the market. So you can do your own math. Or you can come to me and I'll do it for you.

JIM GEORGE: Or you can come to me, and I'll do it for you.

(Laughter)

JOHN CRIPE: Absolutely. Absolutely. If Jim knows how to do it, you'll get the same answer I would give you.

THERESA HRUZA: And that last proposal was 85% for staying another 5 years, right?

GEORGIA GLASS: Yes.

THERESA HRUZA: 85% is much better than 64%.

JOHN CRIPE: There's no question about that part.

PAUL LUTOMSKI: But 85% isn't comparable to the market.

JOHN CRIPE: Right, and it also costs you a gazillion dollars.

JIM GEORGE: Well, let's - I can't take anymore of this.

JOHN CRIPE: I'm just trying to give you a perspective.

JIM GEORGE: You're telling too much of one side of this here, and if we're going to go down this road, you're going to hear both sides of it.

JOHN CRIPE: If you want to come forward with something, understand what you want to come forward with. You're not going to get the 85. That's John's opinion. Okay? Because there isn't any money. If you want to come forward with alternatives, I just said we would help you cost it. And some of this you can cost yourself to see if it would have been valued. You don't need us to do it. You've got your old pay stubs. I mean you can make your own calculations.

THERESA HRUZA: I understand all that and I'm just saying that from my position it's not - I get this feeling of "it's our responsibility to figure out where this money is going to come up from, even though past administrations haven't done what they probably should have done to make sure we were in good shape. And it's not our responsibility.

JIM GEORGE: It doesn't matter that the City is funding our pension one-half to one, they're funding the other retirement Plan two to one, Paul Lutomskius social security. It just falls on deaf ears. You come back to there's no money. But yet we just had 10 years of exceptional growth and return and what happened then?

JOHN CRIPE: You saved the tax payers a fortune. I mean, that's exactly the answer.

JIM GEORGE: Yes. Provide the good services to the citizens of Lincoln, also save them a lot of money.

THERESA HRUZA: Maybe it's time to go to the taxpayers and say, "You know, we've saved all this money, but now we need your help."

JIM GEORGE: Very good point.

PAUL LUTOMSKI: Well, we need to get rid of the lid then.

MARK BOWEN: We're all in favor of that.

PAUL LUTOMSKI: Really. I mean, I don't think -

JOHN CRIPE: I think everybody would like lobby for that one.

PAUL LUTOMSKI: Money's the problem. Mark was saying the lid is part of the problem in raising the tax rate.

MARK BOWEN: We took a run at trying to modify the lid this year, from the City of Lincoln's side, and we didn't get beyond even the discussions with it. In fact we had - we got the other reaction. "Let's look at it and see if it should be tighter. Let's make sure that something doesn't miss - we should put it under the lid." There is that move any time we, we go that direction. That they look at us even harder. What did we miss?

DON HERZ: Do you remember? The lid was put in to preempt a problem with the constitution limit that may in fact be more severe than what we got imposed on us by the legislature, so.

JOHN CRIPE: I don't know that we've ever pursued the elimination of the pension from its calculation of the lid. We have statutory provisions to allow us to tax for revenues. It would be nice to have the pension excluded from the calculation of the lid, and then we could do the kinds of thinGreg Sorensen you're talking about. I don't know if we've ever proposed that piece, but that would be a very isolated one City exemption, versus changing the lid for everybody in the State.

PAUL LUTOMSKI: I've talked to Don Taute about it, and he doesn't think that the State would go for that.

JOHN CRIPE: Oh. It might not.

THERESA HRUZA: Well, it doesn't hurt to try. And get it out there.

JIM GEORGE: Mark, didn't the City of Omaha, a few years ago, imPaul Lutomskiement a one-half percent city sales tax to help fund the police and fire pension? Like maybe .... maybe 10 years ago? Anybody else remember that?

MARK BOWEN: They had a separate additional half-cent.

DON HERZ: We're at the maximum sales tax revenue.

MARK BOWEN: A year ago, when we talked about it, and did increase the occupation tax to telecommunications, the state's reaction at that time was to introduce a bill for the addition of a limitation to include that. Because of what Lincoln was doing to increase the occupation taxes locally.

PAUL LUTOMSKI: So it could hurt to ask.

MARK BOWEN: There are those in the legislature who will look at everything we do as did they find a loophole? Do we need to close that loop hole? That's what we deal with every session in the legislature.

JOHN CRIPE: Anything else you want us to do, Jim? Otherwise we're going to wait until you all come to us.

JIM GEORGE: Right now, no. No.

JOHN CRIPE: We're just going to wait until you come to us and say this is what you'd like to have us try We certainly will give you whatever we can.

JIM GEORGE: Okay.

Meeting adjourned.